GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2033
ANSWERED ON:04.12.2014
COST OF POWER GENERATION AND ITS SALE
Birla Shri Om

Will the Minister of POWER be pleased to state:

(a) whether there is a gap between the cost of power generation and selling price of power;

(b) if so, the details thereof and the reasons therefor; and

(c) the steps being taken by the Government to reduce this gap?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL AND NEW & RENEWABLE ENERGY (SHRI PIYUSH GOYAL)

(a) & (b) : A tabular statement consisting of all India average rate of sale of power (including nuclear) from power generating stations to power utilities and average cost of supply to consumer (As per PFC Report ` Report on the Performance of the State Power Utilities`) for the last three years i.e. from 2010 to 2013 is given below:

Year	All India Average rate of sale of power (Including Nuclear) from power station (Rs./ kWh)	Average cost of Supply to Consumers as per PFC Report (Rs./kwh)	Gap (D) = (C) - (B)
(A)	(B)	(C)	
2010-11	2.88	3.97	1.09
2011-12	2.97	4.39	1.42
2012-13	3.17	5.01	1.84

However, the average rate of sale of power in Column (B) does not include other costs which distribution utility has to incur on account of AT&C losses, cost of distribution etc.

(c) : Government is making efforts to reduce the gap between the cost of power generation and selling price of power by adopting following measures:

(i) Promoting use of more efficient super-critical technology in thermal power generation with a view to reduce the cost of fuel required per unit of generation.

(ii) Encouraging captive coal mining for thermal power projects with the object of inter alia lowering cost of fuel for coal-fired stations.

(iii) Renovation and Modernization of ageing / not well performing thermal and hydro power stations for improving operational efficiency.

(iv) Tariff Policy notified on 06.01.2006 mandates procurement of power by distribution licensees competitively except in cases of expansion of existing projects, where there is a State controlled/owned company as an identified developer. For Public Sector projects also, the tariff of all new generation projects is to be decided on the basis of competitive bidding after 5th January, 2011.

(v) Promotion of higher unit size / plant capacity to reduce capital cost on account of economy of scale.

(vi) Initiative to set up Ultra Mega Power Projects (UMPPs) of 4000 MW capacity each through tariff-based International Competitive Bidding to reap benefits of economy of scale.

(vii) Other steps being taken by the Government to arrest the losses of state power distribution companies inter-alia includes Restructured Accelerated Power Development & Reforms Programme launched by Union Government in July`08 to reduce Aggregate Technical & Commercial losses to below 15% in towns with population greater than 30,000 as per 2001 Census.